

# STATE OF FLORIDA AUDITOR GENERAL

## Operational Audit

Report No. 2023-183  
April 2023

### DEPARTMENT OF STATE

#### Administration of the Florida Single Audit Act and Selected Administrative Activities



Sherrill F. Norman, CPA  
Auditor General

## **Secretary of State**

The Department of State is established by Section 20.10, Florida Statutes. The head of the Department is the Secretary of State who is appointed by the Governor and subject to confirmation by the Senate. Laurel M. Lee served as Secretary of State during the period of our audit.

The team leader was Seth Grantham, CPA, and the audit was supervised by Melisa Hevey, CPA.

Please address inquiries regarding this report to Melisa Hevey, CPA, Audit Manager, by e-mail at [melisahevey@aud.state.fl.us](mailto:melisahevey@aud.state.fl.us) or by telephone at (850) 412-2935.

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**State of Florida Auditor General**

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# DEPARTMENT OF STATE

## Administration of the Florida Single Audit Act and Selected Administrative Activities

### **SUMMARY**

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This operational audit of the Department of State (Department) focused on the administration of the Florida Single Audit Act, and included a follow-up on Finding 11 noted in our report No. 2021-096, and selected administrative activities. Our audit disclosed the following:

#### **Florida Single Audit Act**

**Finding 1:** Contrary to State records retention schedule requirements, the Department did not always retain vouchers supporting State Financial Assistance recipient invoice payments.

#### **Information Technology Controls**

**Finding 2:** Department information technology (IT) access privilege controls for the Grants System need enhancement to better prevent and detect inappropriate access.

**Finding 3:** Certain security controls related to Grants System user authentication need improvement to ensure the confidentiality, integrity, and availability of Department data and IT resources.

#### **Selected Administrative Activities**

**Finding 4:** Department motor vehicle usage logs did not always include to and from location, official travel purpose, or mileage information.

**Finding 5:** The Department did not always ensure that contract managers completed required training for accountability in contracts and grants management in accordance with State law.

**Finding 6:** Department personnel taking part in the evaluation and selection of noncompetitively procured contracts did not always attest in writing that they were independent of, and had no conflict of interest in, the entities evaluated and selected in accordance with State law and Department policies and procedures.

### **BACKGROUND**

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The primary functions of the Department of State (Department) are to collect the State's important public records, preserve the State's rich historical and cultural heritage, promote economic development through a business-friendly corporate filing environment, facilitate public access to State Government, and provide oversight to ensure fair and accurate elections. To execute its mission, the Department is organized into the Office of the Secretary and six divisions: the Division of Administrative Services, Division of Corporations, Division of Arts and Culture, Division of Elections, Division of Historical Resources, and Division of Library and Information Services. To perform its functions, the Legislature

appropriated approximately \$120 million to the Department for the 2021-22 fiscal year and authorized 414 positions.<sup>1</sup>

## **FINDINGS AND RECOMMENDATIONS**

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### FLORIDA SINGLE AUDIT ACT

State Financial Assistance (SFA) is financial assistance provided from State resources to non-State entities to carry out a State project and is to be administered in accordance with the requirements of the Florida Single Audit Act (FSAA),<sup>2</sup> Department of Financial Services (DFS) rules,<sup>3</sup> and Rules of the Auditor General.<sup>4</sup> The purpose of the FSAA, among other things, is to establish uniform State audit requirements for non-State entities receiving SFA, promote sound management of SFA, and ensure State agency monitoring, use, and follow-up on audits of SFA. According to Department records, the Department provided SFA totaling approximately \$58.5 million to 939 non-State entities during the period July 2020 through January 2022.

#### **Finding 1: Records Retention**

The State of Florida *General Records Schedule GS1-SL for State and Local Government Agencies* (General Records Schedule) specifies that financial transaction records, including vouchers for documenting specific financial transactions of the Department, are to be retained for 5 fiscal years after the transaction is completed. As part of our audit, we evaluated the effectiveness of Department controls over the payment of SFA recipient invoices and found that Department controls for retaining financial transaction records in accordance with the General Records Schedule need improvement. Specifically, of the 40 vouchers requested for audit related to SFA recipient invoice payments made during the period July 2020 through January 2022 and totaling approximately \$3.5 million, the Department was unable to provide 6 vouchers for invoice payments totaling approximately \$1.2 million. According to Department management, Department personnel did not return paper copies of the vouchers to the appropriate voucher file folder after utilizing the vouchers for various reference and research efforts and the Department had not established a system to track vouchers. Subsequent to our audit inquiry, Department management indicated that the Department had implemented a sign-out sheet to track vouchers, including the name and location of the employee using the vouchers.

Absent the retention of financial transaction records in accordance with the General Records Schedule, the Department's ability to demonstrate the appropriateness of SFA recipient invoice payments is diminished.

**Recommendation:** We recommend that Department management continue to enhance controls to ensure that all financial transaction records are maintained in accordance with the General Records Schedule.

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<sup>1</sup> Chapter 2021-36, Laws of Florida.

<sup>2</sup> Section 215.97, Florida Statutes.

<sup>3</sup> DFS Rules, Chapter 69I-5, Florida Administrative Code.

<sup>4</sup> Sections 10.550 and 10.650, Rules of the Auditor General.

The Department utilizes the DOS Grants System (Grants System) to allow Floridians to apply for and manage grants offered by the Department through the Divisions of Arts and Culture, Elections, Historical Resources, and Library and Information Services. As part of our audit, we evaluated selected Grants System information technology (IT) controls.

## **Finding 2: Grants System Access Privilege Controls**

Department of Management Services (DMS) rules<sup>5</sup> require State agencies to periodically review user access privileges for appropriateness and ensure that IT access privileges are removed when access to an IT resource is no longer required. Periodic reviews of user access privileges and prompt action to remove access privileges when no longer necessary help ensure that only authorized users have access and that the assigned access privileges remain appropriate.

According to Department management, upon an employee's separation from Department employment, the employee's supervisor was to complete an *Access Control Form* identifying any employee IT access privileges that needed removal. Once the *Access Control Form* was completed, a help desk ticket was generated notifying Bureau of Departmental Information Systems (BDIS) personnel of employee separations, along with the IT access privileges needing removal. As part of our audit, we inquired of Department management and personnel, examined relevant Department records, and evaluated Grants System user access privilege controls and found that Grants System user access privilege controls need enhancement. Specifically:

- According to Department management, Department policies and procedures did not require, and consequently Department management did not conduct, periodic reviews of the appropriateness of Grants System user access privileges.
- Grants System user access removal dates were not retained and, as a result, Department management could not demonstrate whether Grants System user access privileges were timely removed upon a user's separation from Department employment. Accordingly, we compared records of Department Grants System active users as of September 30, 2022, to People First<sup>6</sup> records as of May 8, 2022, to determine whether active Grants System users as of September 30, 2022, had separated from Department employment but remained active Grants System users. Our comparison found that 29 Department employees who had separated from Department employment prior to May 8, 2022, remained active Grants System users as of September 30, 2022, although 91 to 1,585 days (an average of 839 days) had elapsed since the employees' separation from Department employment.

In response to our audit inquiry, Department management indicated that the process for communicating employee separations to BDIS personnel could have contributed to the delays in removing user access privileges, as the supervisor may not have been aware of all systems to which the separating employee had access. Subsequent to our audit inquiry, Department management indicated that, as of October 11, 2022, Grants System user access privileges had been removed for the 29 employees.

<sup>5</sup> DMS Rules 60GG-2.003(1)(a)6. and 8., Florida Administrative Code.

<sup>6</sup> People First is the State's Web-based human resource information system.

Periodic reviews of Grants System user access privileges would provide Department management greater assurance that access privileges are authorized and remain appropriate. Additionally, retaining information related to the removal of Grants System user accounts and the prompt removal of Grants System user access privileges upon an employee's separation from Department employment or when access privileges are no longer required would demonstrate that only authorized users have access and reduce the risk that the access privileges may be misused by the former employee or others.

**Recommendation:** We recommend that Department management enhance policies and procedures to provide for periodic reviews of the appropriateness of Grants System user access privileges, ensure that information related to removed Grants System user accounts is retained, and promptly remove Grants System user access privileges upon a user's separation from Department employment or when access privileges are no longer required.

### **Finding 3: Grants System Security Controls – User Authentication**

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed that certain security controls related to Grants System user authentication need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising Department data and related IT resources. However, we have notified appropriate Department management of the one finding in the area needing improvement.

Without appropriate security controls related to Grants System user authentication, the risk is increased that the confidentiality, integrity, and availability of Department data and related IT resources may be compromised.

**Recommendation:** We recommend that Department management improve certain security controls related to Grants System user authentication to ensure the confidentiality, integrity, and availability of Department data and related IT resources.

### **SELECTED ADMINISTRATIVE ACTIVITIES**

As part of our audit, we evaluated selected Department administrative activities and controls, including those related to motor vehicles and contracts.

### **Finding 4: Motor Vehicle Usage Logs**

State law<sup>7</sup> and DMS rules<sup>8</sup> provide that State-owned motor vehicles are to be used effectively, efficiently, and only for official State business. To ensure the proper management and control of Department motor vehicles in accordance with State law and DMS rules, the Department maintained monthly vehicle usage logs (usage logs) that contained daily vehicle usage information such as to and from locations, the official travel purpose, and ending mileage. As of June 2022, the Department maintained 21 Department-owned motor vehicles that were available for assignment and use by Department personnel and 17 of the vehicles were used during the period July 2020 through January 2022.

<sup>7</sup> Section 287.16(1), Florida Statutes.

<sup>8</sup> DMS Rules, Chapter 60B-1, Florida Administrative Code.

We examined 10 monthly usage logs related to 10 of the 17 Department motor vehicles used during the period July 2020 through January 2022 and noted that Department usage logs were not always complete. Specifically, 5 of the 10 monthly usage logs for motor vehicles with recorded mileage ranging from 46 to 479 miles did not include location or official travel purpose information, and another usage log did not include location, official travel purpose, or mileage information. According to Department management, 4 of the motor vehicles were used almost exclusively for specific purposes, such as State records or mail deliveries and pickups, and the logs for the other 2 vehicles were not completed correctly due to staff error.

Maintaining complete motor vehicle usage logs would better demonstrate that Department-owned motor vehicles are used efficiently, effectively, and only for authorized purposes.

**Recommendation:** We recommend that Department management enhance controls to ensure that complete information is recorded in motor vehicle usage logs.

#### **Finding 5: Contract Manager Training**

State law<sup>9</sup> requires that, for each contractual services contract, the Department designate an employee to function as contract manager who is responsible for enforcing performance of the contract terms and conditions and serving as a liaison with the contractor. State law<sup>10</sup> also specifies that each contract manager responsible for contracts in excess of \$35,000 must, at a minimum, complete training conducted by the Chief Financial Officer (CFO) for accountability in contracts and grant management.

According to the Florida Accountability Contract Tracking System (FACTS), the Department was responsible for 24 contracts, totaling approximately \$19 million, that were active at some point during the period July 2020 through January 2022 and for which statutory contract manager training requirements applied. As part of our audit, we inquired of Department management and examined Department contract manager training records and noted that five contract managers, responsible for 15 of the contracts, each in excess of \$35,000 and totaling approximately \$2.9 million, did not complete the required CFO training for accountability in contracts and grants management. In response to our audit inquiry, Department management indicated that the required training did not have to be completed by four of the contract managers because the contracts managed were for services exempt from the competitive procurement requirements of State law.<sup>11</sup> Additionally, Department management indicated that the required training was not completed by the other contract manager because the contract had a quick turnaround time due to the timing of funding release. Notwithstanding, State law does not provide any exceptions to the requirement that managers of contracts in excess of \$35,000 must complete the specified training.

Completion of the required CFO training for accountability in contracts and grant management by all contract managers responsible for contracts in excess of \$35,000 would provide the Department greater assurance that contracts are appropriately managed, and that contract terms and conditions are properly enforced.

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<sup>9</sup> Section 287.057(15)(a), Florida Statutes.

<sup>10</sup> Section 287.057(15)(b), Florida Statutes.

<sup>11</sup> Section 287.057, Florida Statutes.

**Recommendation:** We recommend that Department management ensure that all contract managers responsible for contracts in excess of \$35,000 complete the required CFO training for accountability in contracts and grants management in accordance with State law.

#### **Finding 6: Conflict of Interest Attestations**

State law<sup>12</sup> requires that, for any procurement in excess of \$35,000 and accomplished without competition, the individuals taking part in the contract evaluation and selection processes attest in writing that they are independent of, and have no conflict of interest in, the entities evaluated and selected. Accordingly, Department policies and procedures<sup>13</sup> required applicable individuals sign an *Attestation of No Conflict* form for all noncompetitively procured contracts.

According to FACTS, the Department executed 11 noncompetitively procured contracts, totaling \$1,764,707, during the period July 2020 through January 2022. As part of our audit, we reviewed Department policies and procedures and examined Department records for 7 of the noncompetitively procured contracts, totaling \$474,707, for legal services and services provided by governmental entities and found that the Department personnel taking part in the contract evaluation and selection processes for the 7 contracts did not attest in writing that they were independent of, and had no conflict of interest in, the entities evaluated and selected.

According to Department management, because contracts for legal services and services provided by governmental entities are exempt from the competitive solicitation requirements of State law, it was the Department's interpretation that conflict of interest attestations were not applicable. Notwithstanding, State law and Department policies and procedures required conflict of interest attestations be completed for any noncompetitively procured contract in excess of \$35,000, and did not provide exceptions for contracts for legal services and services provided by governmental entities. Although Department management did not interpret State law as applicable to the contracts noted on audit, subsequent to our audit inquiry, Department management obtained the required attestations for three of the seven contracts.

Completed conflict of interest attestations by all Department personnel involved in the evaluation and selection process for noncompetitively procured contracts reduces the appearance of and opportunity for favoritism, provides Department management greater assurance that contracts are impartially awarded, and demonstrates compliance with State law and Department policies and procedures.

**Recommendation:** We recommend that Department management take steps to ensure that conflict of interest attestations are completed by all Department personnel taking part in the evaluation and selection process for noncompetitively procured contracts in accordance with State law and Department policies and procedures.

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<sup>12</sup> Section 287.057(21), Florida Statutes.

<sup>13</sup> Department DOSPUR-02 *Purchasing Policy*.



## ***PRIOR AUDIT FOLLOW-UP***

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The Department had taken corrective actions for the applicable finding included in our report No. 2021-096.

## ***OBJECTIVES, SCOPE, AND METHODOLOGY***

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The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from April 2022 through December 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Department of State (Department) focused on the administration of the Florida Single Audit Act (FSAA) and selected administrative activities. For those areas, the objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- Determine whether management had corrected, or was in the process of correcting, Finding 11 disclosed in our report No. 2021-096.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives; instances of noncompliance with applicable governing laws, rules, or contracts; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal

controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of Department controls for and responsibilities related to the administration of the requirements of the FSAA.
- Inquired of Department management regarding whether the Department made any expenditures or entered into any contracts under the authority granted by a state of emergency declared or renewed on or after July 1, 2021, through April 6, 2022, that either expired or exceeded 1 year.
- Obtained an understanding of selected Department information technology (IT) controls, assessed the risks related to those controls, evaluated whether selected general and application IT controls for the Grants System were in place, and tested the effectiveness of the selected controls.
- From the population of 166 low-risk State Financial Assistance (SFA) grants, totaling \$10,193,074, and the population of 32 medium or high-risk SFA grants, totaling \$10,106,235, subject to Department monitoring during the period July 2020 through January 2022, examined Department records for 23 selected grants (20 low-risk and 3 medium or high-risk), totaling \$4,262,027, to determine whether the Department adequately monitored grant recipient compliance with the requirements specified in the State Projects Compliance Supplement.
- From the population of 123 SFA recipient expenditures, totaling \$7,796,418, made during the period July 2020 through January 2022, examined Department records for 40 selected SFA recipient expenditures, totaling \$3,522,739, to determine whether the expenditures were in correct amounts and adequately documented, made in accordance with applicable laws, rules, and grant terms, and properly authorized and approved.
- Evaluated Department actions to correct Finding 11 noted in our report No. 2021-096. Specifically, we:
  - Reviewed Department policies and procedures to determine whether the policies and procedures promoted the accurate identification of non-State entities required to submit a Financial Reporting Package (FRP) to the Department, the timely submission and review of FRPs, and the identification and timely follow up on instances of recipient noncompliance or other deficiencies.
  - Examined the Department Tracking Sheet listing the FRPs submitted to the Department during the period July 2020 through January 2022 to determine whether FRPs were submitted

from all 67 Florida counties, pursuant to Section 218.39(7), Florida Statutes, and whether all FRPs were timely submitted and the Department timely completed the review of all FRPs.

- Examined Florida Accountability Contract Tracking System records and Department accounting records to determine whether the Department identified all non-State entities required to submit an FRP to the Department and whether the Office of Inspector General timely obtained all required recipient FRPs during the period July 2020 through January 2022.
- Examined 17 of the 122 FRPs and 3 of 785 certifications submitted to the Department during the period January 2021 through January 2022 to determine whether the Department appropriately identified and followed up on instances of recipient noncompliance in accordance with the FSAA and received certifications from applicable entities attesting to an exemption to FSAA requirements based on expenditure amounts.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Department operations.
- Inquired of Department management, examined Department records, and evaluated Department compliance with applicable statutory requirements for collecting and utilizing individuals' social security numbers.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:
  - Purchasing activities, settlement agreements, and fixed capital outlay.
  - The assignment and use of motor vehicles. As of June 28, 2022, the Department was responsible for 21 motor vehicles with related acquisition costs totaling \$470,807.
  - The administration of Department contracts. As of January 31, 2022, the Department was responsible for 49 active contracts totaling \$29,293,579.
  - The administration of Department travel in accordance with State law and other applicable guidelines. During the period July 2020 through January 2022, Department travel expenditures totaled \$62,196.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## ***AUTHORITY***

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Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible, and "F." as a middle initial.

Sherrill F. Norman, CPA  
Auditor General

## **MANAGEMENT'S RESPONSE**

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### **FLORIDA DEPARTMENT *of* STATE**

**RON DESANTIS**  
Governor

**CORD BYRD**  
Secretary of State

March 31, 2023

Sherrill F. Norman  
Auditor General  
Claude Denson Pepper Building, Suite G74  
111 W. Madison Street  
Tallahassee, FL 32399-1540

Dear Ms. Norman:

Enclosed is the Florida Department of State's response to the preliminary and tentative audit findings and recommendations pertaining to the Auditor General's operational audit of the Department of State.

If you have any questions, please call David Ulewicz, Inspector General, at 850-245-6195.

Thank you for the opportunity to respond.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Byrd", is written over a light blue horizontal line.

Cord Byrd  
Secretary of State

Enclosure

c: David Ulewicz, Inspector General  
Jennifer Kennedy, Assistant Secretary of State

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**Department of State**  
**Response to Preliminary and Tentative Audit Findings**  
**Auditor General Audit**  
**March 31, 2023**

**Finding 1: Records Retention**

Contrary to State records retention schedule requirements, the Department did not always retain vouchers supporting State Financial Assistance recipient invoice payments.

**Recommendation:** We recommend that Department management continue to enhance controls to ensure that all financial transaction records are maintained in accordance with the General Records Schedule.

**Department Response:** The Division of Administrative Services, Bureau of Planning, Budget & Financial Services has implemented a voucher sign out sheet in order to keep a record of all vouchers leaving the official file. This was implemented in June of 2022. The Department is also currently evaluating how this process could be modernized by seeking a digital solution for record retention.

**Finding 2: Grants System Access Privilege Controls**

Department information technology (IT) access privilege controls for the Grants System need enhancement to better prevent and detect inappropriate access.

**Recommendation:** We recommend that Department management enhance policies and procedures to provide for periodic reviews of the appropriateness of Grants System user access privileges, ensure that information related to removed Grants System user accounts is retained, and promptly remove Grants System user access privileges upon a user's separation from Department employment or when access privileges are no longer required.

**Department Response:** The Bureau of Departmental Information Systems will enhance the system's current auditing methodology by consolidating logging information. The Bureau of Departmental Information Systems, in conjunction with the Grants liaison group will target release of these enhancements by 11/1/2023.

**Finding 3: Grants System Security Controls – User Authentication**

Certain security controls related to Grants System user authentication need improvement to ensure the confidentiality, integrity, and availability of Department data and IT resources.

**Department of State**  
**Response to Preliminary and Tentative Audit Findings**  
**Auditor General Audit**  
**March 31, 2023**

**Recommendation:** We recommend that Department management improve certain security controls related to Grants System user authentication to ensure the confidentiality, integrity, and availability of Department data and related IT resources.

**Department Response:** Since three major user groups exist for the application, there is not a single solution that may be implemented to cover all needs. To meet the recommendations offered by the Auditor General's Confidential Finding Memo, enhancements will be implemented over the next 12 months and will likely be released in separate stages during that time period.

**Finding 4: Motor Vehicle Usage Logs**

Department motor vehicle usage logs did not always include to and from location, official travel purpose, or mileage information.

**Recommendation:** We recommend that Department management enhance controls to ensure that complete information is recorded in motor vehicle usage logs.

**Department Response:** The Division of Administrative Services has updated the role and responsibility of the Property Administrator for vehicles, as well implemented new procedures which include a monthly reconciliation of all vehicle expenses correlated to each vehicle credit card. This process allows the General Services staff, in coordination with Division Vehicle Liaisons, to monitor vehicle logs for completeness upon submission of documentation.

**Finding 5: Contract Manager Training**

The Department did not always ensure that contract managers completed required training for accountability in contracts and grants management in accordance with State law.

**Recommendation:** We recommend that Department management ensure that all contract managers responsible for contracts in excess of \$35,000 complete the required CFO training for accountability in contracts and grants management in accordance with State law.

**Department Response:** The Division of Administrative Services, Purchasing Office has updated the Competitive Procurement Request form. This update now includes a location to indicate the anticipated Contract Manager. This will allow the Purchasing Office to verify if the anticipated Contract Manager has completed the required CFO training or currently holds an active FCCM.

**Department of State  
Response to Preliminary and Tentative Audit Findings  
Auditor General Audit  
March 31, 2023**

**Finding 6: Conflict of Interest Attestations**

Department personnel taking part in the evaluation and selection of noncompetitively procured contracts did not always attest in writing that they were independent of, and had no conflict of interest in, the entities evaluated and selected in accordance with State law and Department policies and procedures.

**Recommendation:** We recommend that Department management take steps to ensure that conflict of interest attestations are completed by all Department personnel taking part in the evaluation and selection process for noncompetitively procured contracts in accordance with State law and Department policies and procedures.

**Department Response:** The Division of Administrative Services, Purchasing Office is currently drafting new procedures, which would require all contracts, procured both competitive and non-competitive, to be reviewed by the Purchasing Manager. This would allow the Department to ensure the Conflict-of-Interest Attestation form is completed prior to execution of any two-party agreement including legal services.

c: David Ulewicz, Inspector General  
Jennifer Kennedy, Assistant Secretary of State